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“Ardshinbank” CJSC

Approved instead of "PL 61-03"

By Decision of the Board N. 05 / 20-07 JI

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Chairman of the Council

Karen Safaryan /singed/

DIVIDEND POLICY

PL-720.01

1. Purpose

The purpose of the dividend policy is to establish the basic principles of the dividend policy, conditions, forms of payment of dividends on the Bank's shares, the procedure for making decisions on payment, and regulating relations between the Bank and a shareholder (including a preferred shareholder) related to shares (including preferred ones).

2. Responsible

Responsibility for the implementation of this Policy rests with the Finance Directorate, the Chief Accountant, the Secretaries of the General Meeting and the Council and the Legal Department of the Bank.

3. Principles

3.1 The Dividend Policy is an integral part of the Bank's overall profit management policy, which consists in optimizing the proportions between the consumed and capitalized parts of profit in order to maximize the market value of the Bank.

3.2 The Dividend Policy is based on increasing the investment attractiveness, financial stability, capitalization and increasing the Bank's liquidity, the balance of interests of the Bank and its shareholders, ensuring the return on investment.

3.3 The Bank has the right to decide on the payment (announcement) to its shareholders of interim (quarterly, semi-annual) or annual dividends or dividends from the (accumulated) profits of previous years.

3.4 When deciding on the payment of dividends and their amounts, the indicators of the level of the current and projected levels of liquidity and solvency of the Bank, the program of strategic development of the Bank and the financial resources necessary for its implementation are taken into account.

3.5 The Bank's decision on dividends and the distribution / payment of dividends must be carried out in accordance with the requirements established by the Legislation of the Republic of Armenia, the Charter, Dividend Policy and other local legal acts of the Bank, and in accordance

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with the principle of distribution of powers between the governing bodies of the Bank (General Meeting and Council) established by them.

3.6 The Bank publishes on its website the Dividend Policy and information on decisions on the payment of dividends in accordance with the procedure established by the RA Legislation and local regulations, which ensures the principle of transparency of the mechanism for payment of dividends.

3.7 Dividends on ordinary shares of the Bank are paid in cash and (or) shares of the Bank; dividends on preferred shares of the Bank are paid exclusively in cash.

3.8 Dividends are expressed in cash per share.

3.9 Payment of dividends on ordinary shares of the Bank is not guaranteed by the Bank.

3.10 Dividends on preferred shares of the Bank may be paid quarterly in accordance with the Legislation of the Republic of Armenia, the Charter, this Policy and other local regulations of the Bank.

3.11 No dividends are accrued on the shares held by the Bank.

3.12 In case of changes in the requirements (conditions) for the inclusion of preferred shares of the Bank in the calculation of the share capital of the Bank provided for by the Central Bank of the RA, the necessary amendments to this Policy arising from them are submitted for the prior consent of the Central Bank of the RA, without which the amendments are not legally binding (do not create legal implications for the Bank and the preferred shareholder).

3.13 In the event of liquidation of the Bank, the claims of the preferred shareholder (including those related to dividends) are subject to satisfaction after the claims of all other persons making claims against the Bank are satisfied, except for the claims of ordinary shareholders.

4. Definitions and abbreviations

"Bank" - "Ardshinbank" CJSC,

"Dividend Policy" - the Bank's Dividend Policy,

"General meeting" - the General Meeting of Shareholders of the Bank - The Supreme Governing Body of the Bank -

"Charter" - the Charter of the Bank,

"Council" - the Council of the Bank,

"Management Board" - the Management Board of the Bank - a collegial executive body of the Bank,

"Financial period" - the period (quarter, half year, year, years) for which dividends are paid.

5. Related documents

The charter of "Ardshinbank" CJSC,

Procedure for organizing and conducting the General Meeting of "Ardshinbank" CJSC,
Regulations of the Council of "Ardshinbank" CJSC.

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6. Processes and tasks

The main directions of the implementation of this Policy:

№	Business process	Task
1	Establishment of terms and restrictions on the payment of dividends	<ul style="list-style-type: none"> - determination of the order of payment of dividends, - determination of the source of payment of dividends, - determination of other conditions for the payment of dividends, - setting limits on dividend payments
2	Payment of annual dividends and (accumulated) dividends from the profits of previous years	<ul style="list-style-type: none"> - setting dividend limits, - determination of the procedure for making a decision on the payment of dividends, - setting the deadline for the payment of dividends, - drawing up a list of shareholders entitled to receive dividends.
3	Payment of interim dividends	<ul style="list-style-type: none"> - determination of dividend limits, - determination of the procedure for making a decision on the payment of dividends, - setting the deadline for the payment of dividends, - drawing up a list of shareholders entitled to receive dividends.

6.1. Terms of dividend payment

6.1.1. The Bank primarily pays dividends on preferred shares, ensuring that dividends are received in the amount established by the Charter or calculated according to the formula established by the Charter.

6.1.2. Dividends on variable dividend preference shares are paid only after the full payment of the fixed dividend preference share dividend. At the same time, the order of payment of dividends for different categories of convertible preferred shares with variable dividends of the Bank is established by the Charter.

6.1.3. Dividends on ordinary shares are paid out of net profit (accumulated profit), and dividends on preference shares are payable exclusively from net profit and (or) the Bank's funds specially created for this purpose formed at its expense.

6.1.4. Dividends on the Bank's shares are paid after taxes in accordance with the RA Legislation.

6.1.5. The terms for the payment of dividends to the Bank's shareholders are:

6.1.5.1. whether the Bank has a net profit obtained based on the results of the past financial period, and in case of payment of dividends on preferred shares - or the presence of funds in the Bank's funds specially created for this, formed at the expense of net profit,

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6.1.5.2. the absence of restrictions on the payment of dividends provided for in Chapter 6.2 of this Policy,

6.1.5.3. availability of a decision of the authorized body of the Bank (General Meeting or Council) on payment (announcement) of dividends based on the results of the financial period, their amount and procedure for payment.

6.2. Restrictions on the payment of dividends

6.2.1. Restrictions on the payment of dividends are stipulated by the indicators characterizing the financial activity of the Bank and are established by the Legislation of the RA, legal acts of the Central Bank of the RA, as well as this Policy.

6.2.2. The payment of dividends to the Bank’s shareholders is prohibited if the losses (losses) incurred by the Bank at the moment are equal to or exceed the amount of the Bank’s unallocated net profit.

6.2.3. The Bank is not entitled to make (announce) a decision on the payment of dividends if at the time of the adoption of the decision by the Council or the General Meeting of the Bank there is or may arise one of the following facts:

6.2.3.1. lack of net profit received (accumulated) based on the results of the previous (last) financial year (years), or net profit of the current financial year,

6.2.3.2. at the time of making the decision on the payment of dividends, or as a result of the execution of this decision, there may be a possibility of failure to comply with the basic economic standards established by the legal acts of the Central Bank of the RA and the internal local acts of the Bank,

6.2.3.3. the value of the Bank’s net assets is less than the authorized capital or will decrease due to the payment of dividends.

6.2.4. In case of non-payment of dividends within the terms established by the General Meeting, the latters are accumulated and paid in the future at the first request of the shareholder, except for the case specified in subparagraph 6.2.6.1 of paragraph 6.2.6 of this Policy.

6.2.5. Dividends declared, however due to reasons beyond the Bank’s control, not received by shareholders are considered unclaimed dividends.

6.2.6. A dividend on a part of a preferred share is not payable in whole or in part if this leads to a violation of one of the economic standards of the Bank or to a deterioration in the financial status of the Bank, moreover:

6.2.6.1. full or partial non-payment of dividend is not subject to accumulation or payment in the future;

6.2.6.2. any legal document between the Bank and the preferred shareholder cannot provide for a restriction for the Bank in the event of full or partial non-payment of dividends, and also any legal document cannot provide for the granting of the preferred shareholder the rights to provide for such restrictions, unless the restriction concerns payment of dividends on ordinary shares.

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Moreover, the restriction on the payment of dividends on ordinary shares specified in this paragraph may apply only to the period during which the dividends due on the preferred share were not paid in full or in part.

6.2.7. The amount of dividends paid on a part of these preferred shares cannot be made dependent on the rating of the Bank, any indicator characterizing the financial condition of the Bank, or on the actual amount of dividends paid on preferred shares in the past.

6.2.8. The Central Bank of the Republic of Armenia may restrict the payment of dividends by the Bank, including to preferred shareholders, or payment of any income (compensation) to other members of the Bank in any other form, if:

6.2.8.1. the distribution of dividends will or may lead to a deterioration in the financial condition of the Bank, and (or)

6.2.8.2. due to the distribution of dividends, the Bank violates or may violate at least one economic standard, and (or)

6.2.8.3. The Bank has violated or will violate, as a result of the dividends distribution limit(s) set above (below) the limits of the main economic standards.

6.2.9. The procedure for limiting the distribution of dividends is established by the RA Central Bank.

6.2.10. The Bank shall notify the Central Bank of the RA in advance about the payment of dividends - in the manner and on the terms established by the latter.

6.3. Payment of annual dividends and (accumulated) dividends from the profits of previous years

6.3.1. The decision on the payment of annual dividends and dividends from the profit of previous years (accumulated dividends), the amount, form and timing of its payment is made by the General Meeting at the suggestion of the Council of the Bank.

6.3.2. The amount of annual dividends cannot be less than the amount of interim dividends already paid. If, by the decision of the General Meeting, the amount of annual dividends for certain types and categories of shares is established in an amount equal to the amount of interim dividends already paid, then annual dividends on shares of these types and categories are not paid. If, by the decision of the General Meeting, the amount of annual dividends for certain types and categories of shares is set higher than the amount of interim dividends already paid, then annual dividends on shares of these types and categories are paid in the amount equal to the difference between the established annual dividends and the interim dividends already paid this year.

6.3.3. Annual dividends are paid within one year after the decision to pay annual dividends is made.

6.3.4. For each payment of annual dividends and dividends from the profits of previous years (accumulated dividends), the Council draws up a list of shareholders entitled to receive dividends, which must include those shareholders of the Bank who are included in the register of shareholders of the Bank as of the date of compiling the list of persons entitled to participate at the General Meeting of Shareholders.

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6.4. Payment of interim dividends

6.4.1. The amount of interim dividends may not exceed 50 percent of the dividends distributed based on the results of the previous financial year.

6.4.2. The decision on the payment of interim (quarterly and semi-annual) dividends, the amount and form of dividend payment is made by the Council. The terms for the payment of interim dividends are established by the decision of the Council on payment of interim dividends, but not earlier than thirty (30) days after the adoption of this decision.

6.4.3. For each payment of interim (quarterly, semi-annual) dividends, the Council draws up a list of shareholders entitled to receive dividends, which must include those shareholders of the Bank who are included in the register of shareholders of the Bank at least 10 (ten) days prior to the day the Council decides on payment of interim dividends.

6.4.4. Interim dividends are paid within one year after the decision to pay interim dividends is made.